Message Text

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SUBJ: EIGHTH KOREA-US COMMERCE MINISTERS' MEETING

REF: (A) SEOUL 6396; (B) SEOUL 7153; (C) SEOUL 7309

BEGIN SUMMARY: THIS MESSAGE SUMMARIZES MINISTRY OF COMMERCE AND INDUSTRY (MCI) AND EMBASSY THINKING CONCERNING THE AGENDA FOR THE EIGHTH MINISTERIAL. END SUMMARY.

1. REFTELS AND PREVIOUS MESSAGES PROVIDE FAIRLY COMPLETE INDICATION OF ROKG POSITIONS ON THE AGENDA SUBJECTS. IN EXPLORING ROK THINKING WITH NOH CHIN SHIK, PLANNING OFFICER FOR THE MINISTERIAL, ROKG INTENTION APPEARS TO BE TO PRODUCE MEETINGS AND COMMUNIQUE WHICH STRESS THE GENERAL HEALTH OF US/ROK TRADE AND ECONOMIC RELATIONS IN A CONSTRUCTIVE MANNER. THE ROK SIDE IS VERY INTERESTED IN FOLLOW-UP ACTIONS BY THE USG IN CONSEQUENCE OF THE SEVENTH MINISTERIAL INDICATING THE IMPORTANCE OF THE SECRETARY'S ROLE IN OUR OVERALL RELATIONS. FOR ITS PART, IT HAS MOVED IN THE DIRECTION OF LIVERALIZING TRADE, IT IS ENGAGED IN STUDIES DESIGNED TO SIMPLIFY CUSTOMS AND OTHER PROCEDURES FOR AMERICAN AND OTHER FOREIGN EXPORTERS LIMITED OFFICIAL USE.

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TO KOREA (IT HAS JUST PUBLISHED, FOR EXAMPLE, "CUSTOMS HINTS" IN ENGLISH), IT HAS RESOLVED THE MOTION PICTURE ISSUE, AND MINISTER CHANG IS PARTICULARLY INTERESTED IN PUBLICLY ENCOURAGING A GREATER ROLE FOR THE US TRADE CENTER AT SEOUL IN SERVING TO INTRODUCE MORE AND MORE US PRODUCTS AND TECHNOLOGY IN THE INTERESTS OF INCREASING KOREA'S TRADE ACCOUNT WITH THE US AND REDUCING RELIANCE ON JAPAN FOR CAPITAL GOODS AS MUCH

AS POSSIBLE.

- 2. THE PRINCIPAL PROBLEMS FOR THE US REMAIN IN THE AREA OF KOREA'S ELABORATE IMPORT CONTROL SYSTEM AND PROTECTION OF FOREIGN INDUSTRIAL PROPERTY RIGHTS IN KOREA. (SEOUL'S A-139 OF JULY 19, 1977, SHOULD BY NOW HAVE REACHED COMMERCE POLICY STAFF FOR WHOM IT WAS PREPARED AS A SPECIAL AID FOR THE MINISTERIAL.)
- 3. MCI, ALTHOUGH RECOGNIZING THE IMPORTANCE OF QUESTIONS RELATED TO ENERGY SUPPLY AND ACCESS TO NATURAL RESOURCES, CON-SIDERS THAT THESE QUESTIONS ARE LESS RELATED TO US/ROK RELA-TIONS THAN TO KOREAN RELATIONS ELSEWHERE IN THE WORLD AND WOULD PREFER THAT THEY NOT BE TREATED SEPARATELY AS AN AGENDA ITEM. HOWEVER, THE US SIDE, OF COURSE, MAY WISH TO INCLUDE IN ITS OWN PRESENTATION STATEMENTS CONCERNING DEPARTMENT OF COMMERCE/ USG EFFORTS TO EXPAND RESEARCH ON ALTERNATE SOURCES OF ENERGY TO FOSSIL FUELS AND WHAT THE US ITSELF INTENDS TO DO WITH REGARD TO ASSURING LONG STANDING CUSTOMERS' ACCESS TO ITS OWN NATURAL RESOURCE EXPORTS. MINISTER CHANG IS DESIROUS OF INCLUDING IN THE KOREAN PRESENTATION SUGGESTIONS TOWARD EXPAN-SION OF US RAW MATERAIL EXPORTS TO KOREA AS WELL AS GREATER PLANT AND EQUIPMENT EXPORTS BY THE US TO KOREA WHICH, OF COURSE, IN KOREAN MINDS WOULD REQUIRE EXPANSION OF US FINANC-ING FOR ITS EXPORT PRODUCTS DEPOFFS SHOULD CONSULT WITH US EXIMBANK TEAM REPRESENTATIVES UPON THEIR RETURN FROM THEIR LIMITED OFFICIAL USE

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MID-SEPTEMBER VISIT TO KOREA TO BECOME FAMILIAR WITH THE ROK PROJECT PRIORITY LIST. IT WILL CONTAIN A LARGE NUMBER OF ATTRACTIVE EXPORT OPPORTUNITIES, I.E., NUCLEAR PLANTS, MAJOR TOOLS AND OTHER AREAS WITHHIGH POTENTIAL FOR INCREASING US EMPLOYMENT. DEPOFFS ARE ALREADY FAMILIAR WITH THE HIGH LEVEL ROK PURCHASING MISSION WHICH MINISTER CHANG LED TO THE US IN APRIL 1977. THAT MISSION, OF COURSE, UNDERLINED SINCERITY OF THE ROK IN ATTEMPTING TO INCREASE ITS PURCHASES FROM THE US OF THE PRODUCTS IN WHICH THE US LEADS THE WORLD.

- 4. THE KOREAN SIDE WILL ALSO INTRODUCE, PERHAPS NOT EXPLICITLY, THE OBVERSE SIDE OF THE US GROUND FORCES WITHDRAWAL POLICY. THEY SEE THE NECESSITY FOR US ECONOMIC SUPPORT (CCC COTTON, PL-480, F.M.S.) AND COOPERATION WITH KOREAN INDUSTRY TO CONTRIBUTE TO THE STRENGTHENING OF ROK SELF-DEFENSE CAPABILITY IN ANTICIPATION OF THE DAY WHEN US GROUND COMBAT FORCES WILL NO LONGER BE STATIONED IN KOREA.
- 5. AS INDICATED REFTEL (C), MINISTER CHANG WILL FEEL CONCERNED TO TOUCH ON KOREA'S FISHERY NEEDS, WITHOUT NEGOTIATING, IN RECOGNITION OF THE SECRETARY'S ROLE AS THE PRINCIPAL EXECUTIVE FOR US FISHERY QUESTIONS.

6. THE FOREGOING QUESTIONS ALL FIT WITHIN THE FRAME OF THE

AGENDA ORIGINALLY PROPOSED, VIZ:

I. REVIEW OF BILATERAL TRADE DEVELOPMENTS

A. OPPORTUNITIES TO EXPAND TRADE

- 1. OUTLOOK FOR KOREAN AND US ECONOMIES
- 2. REVIEW OF US-KOREA TRADE
- 3. PROGRESS IN MULTILATERAL TRADE NEGOTIATIONS
- B. KOREAN ACTIONS AFFECTING US IMPORTS AND EXPORTS
- C. US ACTIONS AFFECTING KOREAN IMPORTS AND EXPORTS
- II. ECONOMIC COOPERATION BETWEEN KOREA AND THE US

A. KOREA'S FOREIGN INVESTEMENT CLIMATE AND US INVESTMENT IN KOREA

B. KOREA'S ECONOMIC DEVELOPMENT PLAN LIMITED OFFICIAL USE

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C. INDUSTRIAL PROPERTY RIGHTS PROTECTION IN KOREA

7. EMBOFFS HAVE NOT YET ATTEMPTED TO DRAFT COMMUNIQUE WHICH WILL BE FORWARDED AS EARLY AS POSSIBLE; HOWEVER, MCI RECOMMENDS THAT THE US SIDE DRAFT THE COMMUNIQUE AND THEN WORK BACKWARD FROM IT TO FASHION THE CONTENTS OF THE MINISTERIAL AGENDA. THEY ARE PREPARED FOR THE USUAL STRONG PRESENATION OF THE US SIDE FOR TRADE LIBERALIZATION AND ON INDUSTRIAL PROPERTY RIGHTS ISSUES AND FORESEE THAT THESE MAY BE THE ONLY POBLEMS INVOLVED IN WORKING OUT COMMUNIQUE.

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